



NEWS RELEASE

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SBA BOOSTS LOAN FUNDS FOR SMALL BUSINESSES HURT BY SEPTEMBER 11TH

WASHINGTON – Small businesses hurt by the Sept. 11 terrorist attacks may be eligible for extra loan relief under the U.S. Small Business Administration's new Supplemental Terrorist Activity Relief—STAR program, the agency announced. The program is available nationwide and has \$4.5 billion in additional funding for 7(a) loans.

The STAR program applies to small businesses that suffered economic harm or a disruption in business operations as the result of September 11. Since the program began in January 2002, the SBA has seen a tremendous need for STAR loans. To date, the agency has provided guaranties on loans amounting to \$150 million.

"America's war against terrorism is a two-front war," SBA Administrator Hector V. Barreto said. **"There is the war being run by the Department of Defense that you see on television every day. The second front is here at home, and it is a war about the U.S. economy. The STAR program should make SBA's basic loan program more available to small businesses struggling to recover from the events of September 11. The benefits to all of us will be a stronger small business sector and a stronger economy."**

"These loans are ideal for small businesses that have been adversely affected by the September 11 attacks, but have not been able to qualify for other loan programs," Barreto said.

STAR loans can be used for a broad variety of business purposes, and small businesses can apply for a STAR loan if they can show the lender direct or indirect adverse impact as the result of September 11.

Examples of adverse impact are--

- difficulty in making loan payments on existing debt;
- difficulty in paying employees or vendors;
- difficulty in purchasing materials, supplies, or inventory;
- difficulty in paying rents, mortgages, or other operating expenses; and
- difficulty in securing financing.

Start-up small businesses planning to begin operating but were hampered in doing so may also qualify for the reduced-fee STAR program loan.

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The program is available until January 10, 2003, or until all the funds are expended.

For more information about all of the SBA's programs for small businesses, call the SBA Answer Desk at 1-800-U-ASK-SBA or TDD 704-344-6640. Also, visit the SBA's extensive Web site at www.sba.gov.

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